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上海棟華石油化工股份有限公司
SHANGHAI TONVA PETROCHEMICAL CO., LTD.*

(a joint stock company established in the People's Republic of China with limited liability)
(Stock code: 8251)

CONNECTED TRANSACTIONS

The Board is pleased to announce that on 26 July 2011, the Company entered into a Equity Transfer Contract with each of the Vendors, pursuant to which, the Company agreed to buy, and the Vendors, agreed to sell an aggregate of 5.9% equity interest in Nantong for an aggregate consideration of RMB13,582,449. Upon completion of the Equity Transfer Contracts, the Company's equity interest in Nantong will increase from 62.44% to 68.34%.

Each of the Vendors is a Director of the Company and a connected person of the Company for the purposes of the GEM Listing Rules. The Equity Transfers accordingly constitute connected transactions for the Company under Rule 20.13 of the GEM Listing Rules. As the applicable percentage ratios calculated with reference to the transactions exceed 0.1% but do not exceed 5%, the Equity Transfers are only subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but are exempt from the independent shareholders' approval requirement.

EQUITY TRANSFER CONTRACTS

Date: 26 July 2011

Parties: The Company as purchaser
Mr. Qian and Mr. Li as vendors

Each of Mr. Qian and Mr. Li is a Director of the Company and a connected person of the Company for the purposes of the GEM Listing Rules.

* For identification only

Consideration: RMB13,582,449

The consideration was determined based on arm's length negotiation between the parties with reference to the value of Sale Equity that based on the original investment costs of the Vendors plus any profit attributable to the Vendors as shareholders up to 31 December 2010. The consideration will be paid by the Company to the Vendors in one-off by cash on or before 31 December 2011 (or such other date mutually agreed by the relevant parties in writing).

Sale Equity: 5.9% equity interest in Nantong

Conditions Precedent: The completion of the Equity Transfers is subject to the satisfaction of the following certain conditions precedent:

- (i) the Equity Transfers having obtained approval of the Board; and
- (ii) the Equity Transfers having completed all registrations and/or filings required by all the relevant approval authorities in the PRC.

If any of the above conditions precedent are not satisfied or waived by the Company on or before a date no later than 31 July 2011 (or such later date mutually agreed by the relevant parties), the Company may serve a written notice to terminate the Equity Transfer Contracts, whereupon, the rights and obligations of the relevant parties under the Equity Transfer Contracts shall lapse and cease.

Completion: The completion of the Equity Transfers shall take place on the date when all the conditions precedent are fulfilled, and in any event, completion shall take place on or before 31 July 2011 (or such other date mutually agreed by the relevant parties in writing).

Upon completion of the Equity Transfer Contracts, the Company's equity interest in Nantong will increase from 62.44% to 68.34%.

ASSETS TO BE ACQUIRED

Pursuant to the Equity Transfer Contracts, the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell the Sale Equity which represents 5.9% of the equity interest in Nantong. Nantong is a subsidiary of the Company established in PRC on 16 September 1991 and has a registered capital of RMB100.08 million whose principal business is construction of highways and bridges in PRC. Currently the equity interest in Nantong are held by the Company as to 62.44%, Mr. Qian as to 4%, Mr. Li as to 1.9% and 31.66% as to the remaining equity interest.

The audited net profit before and after tax of Nantong attributable to the Sale Equity for the two years ended 31 December 2010 are as follows:

	For the year ended 31 December 2009	For the year ended 31 December 2010
	<i>RMB</i>	<i>RMB</i>
Net profit before tax	2,411,000	2,940,000
Net profit after tax	1,774,000	2,138,000

The unaudited net asset value of Nantong attributable to the Sale Equity was RMB8,910,000 as at 30 June 2011. The aggregate original investment cost of the Sale Equity paid by the Vendors was approximately RMB8,542,780.

INFORMATION ON THE GROUP

The Group is principally engaged in the trading of asphalt and fuel oil, road and bridge construction and the provision of logistics service in the PRC. Through domestic and overseas procurement, the Group offers one-stop services to its clients from sales, storage to delivery of asphalt and fuel oil covering the Yangtze River region and some inland regions. Meanwhile, the Group is also active in developing logistics services by providing storage and transportation services for the asphalt and fuel oil trade, which are beneficial to the Group's domestic distribution of asphalt and fuel oil. The road and bridge construction business further expands the business scale of the Group. It generates synergies for the Group and reduces integrated costs, hence expanding the room for development of the Company's business and creating new profit drivers.

REASONS FOR ENTERING INTO THE EQUITY TRANSFER CONTRACT

The Board considers the prospect of road and bridge construction business in PRC is positive in general. Prior to the signing of the Equity Transfer Contracts, the Group holds 62.44% equity interest in Nantong. After the completion of the Equity Transfers, the Group will hold 68.34% equity interest in Nantong. The Equity Transfers will increase the Company's share of the profit of Nantong.

The Board also believes that the terms of Equity Transfer Contract were determined after arm's length negotiation. The Directors (including the independent non-executive Directors) considered that the Equity Transfer Contracts are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Qian and Mr. Li have abstained from voting on the Board resolution(s) approving the Equity Transfer Contracts as they have a material interest in the Equity Transfers.

LISTING RULES IMPLICATIONS

Each of the Vendors is a connected person of the Company. Therefore, the Equity Transfers constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The respective applicable percentage ratio of the Equity Transfers is more than 0.1% but less than 5%. Pursuant to the Rule 20.32 of the GEM Listing Rules, the transactions contemplated under the Equity Transfer Contracts are exempted from independent Shareholders' approval requirement, but are still subject to reporting and announcement requirements under the GEM Listing Rules.

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	上海棟華石油化工股份有限公司 (Shanghai Tonva Petrochemical Co., Ltd.*), a joint stock limited company incorporated in the PRC and whose H Shares are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company
“Equity Transfers”	the transfer of the Sale Equity from the Vendors to the Company pursuant to the Equity Transfer Contracts
“Equity Transfer Contracts”	collectively, the equity transfer contract dated 26 July 2011 entered into by the Company and Mr. Qian for the acquisition of 4% equity interest in Nantong and the equity transfer contract dated 26 July 2011 entered into by the Company and Mr. Li for the acquisition of 1.9% equity interest in Nantong
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) of nominal value of RMB0.10 each in the registered capital of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mr. Li”	Mr. Li Hongyuan, an executive Director
“Mr. Qian”	Mr. Qian Wenhua, an executive Director
“Nantong”	南通路橋工程有限公司 (Nantong Highway and Bridge Engineering Limited), a limited liability company established in PRC

“PRC”	The People’s Republic of China
“Sale Equity”	an aggregate of 5.9% equity interest in Nantong to be acquired by the Company pursuant to Equity Transfer Contracts
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent.

By Order of the Board
Shanghai Tonva Petrochemical Co., Ltd.
Qian Wenhua
Chairman

Shanghai, 27 July 2011

As at the date of this announcement, the Board comprises 6 executive directors: Qian Wenhua, Lu Yong, Zhang Jinhua, Jin Xiaohua, Li Hongyuan and Mo Luojiang; 2 non-executive directors: Chan Cheuk Wing Andy and Hsu Chun-min; and 3 independent non-executive directors: Li Li, Ye Mingzhu and Zhu Shengfu.

This announcement, for which the directors of Shanghai Tonva Petrochemical Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the day of its publication and on the website of the Company at <http://www.tonva.com>.